

YEAR-END CLOSING QUESTIONS & ANSWERS

Capital Asset Reporting

- Q. Since DMB - Office of Financial Management (OFM) uses the capital assets module, has the rollup been fixed?
- A. No. If an equipment purchase is made in a government fund, objects will be reported as errors.
- Q. What guidance does OFM offer for the IKON contract?
- A. If equipment is not owned, the State of Michigan does not have a capital asset. The cost should be expensed.
- Q. Have queries been done on those items based on the agencies' comptroller object?
- A. DMB – OFM will run totals and provide with the capital asset packages.

Encumbrances

- Q. Are multi-year contracts considered a qualifying encumbrance?
- A. Yes, but it depends on whether the contract and related spending authority relates to a unique project.
- Q. If a payment is made in the new year, can anything be done in the old year on a purchase order (PO)?
- A. It depends. It is recommended that you contact the OFM Help Desk at 517-373-6222 or 800-856-6246.
- Q. When there is an ADPICS encumbrance, what does the agency do if goods were received in the old fiscal year and paid in the new fiscal year?
- A. Record TC883 and reverse TC883 in the new year; the encumbrance will liquidate through the normal liquidation process. Refer to Financial Management Guide [\(FMG\) Part II, Chapter 14, Section 100](#) for additional information.
- Q. Would the same appropriation year be used when recording the TC883 and TC583?
- A. Use the same appropriation year as the original encumbrance.
- Q. What happens with encumbrances that have a negative appropriation?
- A. The deficit must be corrected in R*STARS before the encumbrance can be cancelled in ADPICS.
- Q. Is the agency required to do a release from a Blanket Purchase Order (BPO) for services?
- A. DMB-Acquisition Services has issued the list of contracts that can be paid directly by a Direct Voucher and is working on revising the list. Acquisition Services is working on expanding the list of contracts for which the Procurement Card is a payment option. When finalized, these lists will be sent out by List Serve and posted on their website under the For State Agencies button. To request additional contracts to be considered for alternative payment options, submit an Email with justification to DMB-PurchWeb@michigan.gov.
- Q. Is there a problem with not recording encumbrances for small contracts?
- A. DMB-Acquisition Services/OFM will look at the current policy. It is the department's option whether an encumbrance is recorded for small contracts. BPOs do not authorize the vendor to begin work or deliver goods. DMB-Acquisition Services has issued a numbered letter that outlines those BPOs that can be paid with a Direct Voucher.
- Q. Can a release be issued after the BPO has expired?
- A. No.

- Q. Can an ADPICS voucher be created with a September 31 date?
A. Yes.
- Q. Can payment be made via Direct Voucher in lieu of a release against the BPO?
A. Systematically, the answer is yes. DMB-Acquisition Services letter #116, Utilizing Direct Vouchers and the Procurement Card, dated October 7, 2002, directs the reader to a list of contracts approved for alternative payment methods. The letter can be found on website <http://www.michigan.gov/doingbusiness/>. DMB - OFM has also issued a letter - [Increase in the Direct Voucher Threshold](#) dated September 1999 outlining the proper use of Direct Vouchers.
- Q. If the service is delivered in September, can a release be done after expiration of the BPO?
A. No.
- Q. What happens when deliveries are received against a PO in both the old and new fiscal years?
A. If the PO is a qualifying encumbrance, it isn't necessary to do anything. An accounts payable should be established in the old fiscal year for goods received in the old fiscal year.
- Q. When is the last day for receivers to post?
A. The Year-End Closing Schedule provides all deadlines. ([Click here.](#)) Your agency may have a different deadline.
- Q. Can an expired BPO be used in the "BPO ID" field of a Direct Voucher?
A. Yes.
- Q. Should agencies change the release document which references a BPO that expires on October 1?
A. No.
- Q. What happens to BPOs that expire on September 30?
A. DMB-Acquisition Services has changed the expiration date to October 1 on BPOs issued by their office. The listing is available on their website <http://www.michigan.gov/doingbusiness/> and the Enterprise Information System at <http://mainweb.state.mi.us/>.
- Q. Can a release be cancelled after expiration of the BPO?
A. It depends. The release document can be cancelled provided it is cancelled in the year it was created. In some cases, it may be necessary to create an Advice of Change to change the effective date to the current fiscal year. If the BPO expired or has been cancelled, it is not possible to create an Advice of Change. Once the old fiscal year is closed, it is possible to cancel the purchase order without completing an Advice of Change.
- Q. What is the difference between ADPICS PCHR0212 Open Purchase Order Report, and PCHR0241 Report?
A. The PCHR0241 Report lists all open purchase orders posted from September 15 of the previous year up to and including September 15 of the current year (i.e., September 15, 2004 through September 15, 2005). The PCHR0241 will help agencies identify purchase orders that may be qualifying encumbrances. The PCHR0212 shows all open purchase orders regardless of when they were posted.

Interagency Billings

- Q. What is the date to process undistributed receipts?
A. The Year-End Closing Schedule provides all deadlines. ([Click here.](#)) Agencies may have a different cutoff date.

- Q. What Interagency Transactions are direct charged?
- A. DMB Financial Services previously issued a report to the Financial Management Users Group. Contact DMB Financial Services for this information.

Revenue Recognition

- Q. If you have established a receivable within the 60 day period, and anticipate it will not be received, should this be written off?
- A. If on the 61st day you know it will not be received, it should be adjusted in the old fiscal year. It is not recommended that the agency wait several months to write off.

- Q. Is it necessary to enter the Bank ID of the depository location when recording Cash in Transit using TC885/TC885R?
- A. It is acceptable to use Bank ID 000. Agencies have the option to use the same Bank ID used on the related deposit or choose Bank ID 000. No matter which option chosen, the same Bank ID must be used on the new year reversal of the cash in transit.